



# County of Erie

JOEL A. GIAMBRA  
COUNTY EXECUTIVE

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October 18, 2006

Mr. Anthony J. Baynes, Chairman  
Erie County Fiscal Stability Authority  
295 Main Street, Suite 946  
Buffalo, NY 14203

Dear Mr. Baynes:

Enclosed is the Erie County Four-Year Financial Plan for fiscal years 2007 through 2010. The plan is organized into three sections.

Section One is a reforecast of expense and revenue assumptions for 2008 through 2010 using the 2007 Executive Budget as the baseline year. We have been conservative and prudent in our assumptions which determine the budget gaps to be addressed in future years. The budget gaps as defined are within the County's firm capability to manage.

Section Two outlines the strategies to close the future year budget gaps. Those strategies consist of further operational efficiencies, a program of strategically managed headcount reductions, the three-year phase-out of the County's cost for Sheriff's road patrol, and a collective bargaining strategy that seeks to mitigate the financial impact of any future wage increase with offsetting concessions in health care and work rules. As formulated, the plan does not require an increase in the Countywide property tax rate in the 2007-10 period.

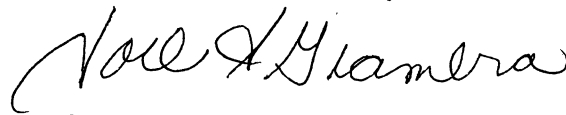
Section Three discuss the goal of restoring reserve fund balance. As indicated, we expect to end the 2006 fiscal year with over \$40 million of fund balance from positive operating results in 2005 and 2006. For 2007, we are restating our request to the Fiscal Stability Authority to provide one-half the \$18 million of Efficiency Grant funding for purposes of adding to fund balance under the "savings match" language which appropriated those funds. For 2008 and future years, we are pursuing our proposal to change the method by which Erie County provides financial assistance to school districts. If implemented, this program would provide further resources to increase our reserve fund balances.

Anthony Baynes, Chairman  
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We are happy to respond to your inquiries and technical questions regarding the assumptions in this four-year plan. We can provide information on the plan in both public meetings of the Authority and, if helpful, in staff level meetings. We do expect the Authority to provide a written analysis of any issues, questions, or disagreements with the factual assumptions of the plan. We then would have opportunity to make plan adjustments as suggested by the Authority's written analysis.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, reading "Joel A. Giambra". The signature is fluid and cursive, with the first name "Joel" and last name "Giambra" clearly distinguishable.

**JOEL A. GIAMBRA**  
**ERIE COUNTY EXECUTIVE**

cc. Members, Erie County Legislature